



STK FINANCIAL
Societate de Administrare a Investițiilor

Board of Directors Report **3rd Quarter 2020**

STK Emergent

STK FINANCIAL Societate de Administrare a Investițiilor SA

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Decizia CNVM nr. 2731/05.10.2005, Nr. Reg. A.S.F. PJR05SAIR/120017, CIF: 17772595, J12/2600/2005, Capital social: 913.724 lei
Operator date cu caracter personal nr. 30711



Interim report in accordance with the **Law no. 24/2017, Regulation no. 15/2018**

Date of the report: **11/16/2020**

Name of the issuer: **STK EMERGENT Investment Fund managed by STK FINANCIAL SAI**

Headquarters: **Cluj-Napoca, Heltai Gaspar street no. 29**

Telephone number: **0264 591 982**

Decision of the Financial Supervisory Authority (ASF): **no. 20/16.03.2006**

Registration number in the ASF Registry: **CSC08FIIR/120004**

Subscribed and paid-in share capital: **RON 121,950,600**

The regulated market on which the issued securities are traded: **The Bucharest Stock Exchange**

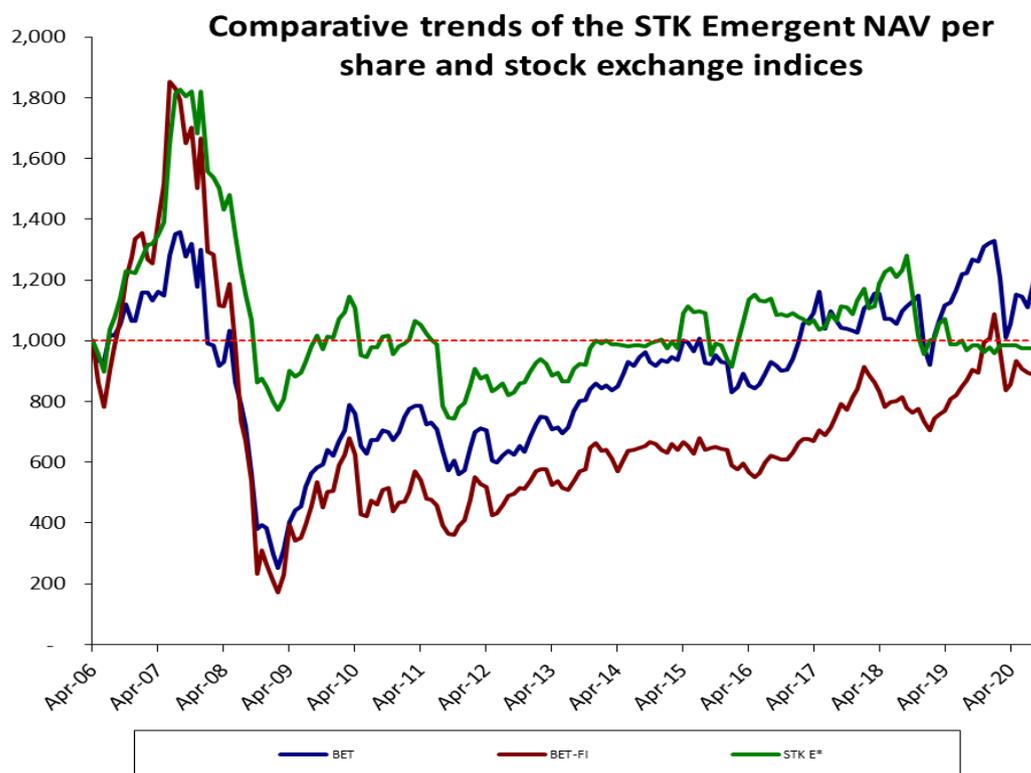
1. Events with significant impact on Fund`s performance

In the first nine months of 2020, the COVID-19 pandemic had a major impact on global financial markets, being the main factor influencing the Fund's activity. Earlier this year, the Fund gradually liquidated its equity portfolio, maintaining a higher liquidity lately. The COVID-19 pandemic created a risky investment environment, with volatility and significant price corrections, but also uncertainties about their duration. Although markets have partially recovered, a second wave of the pandemic could erode the growth recorded over the past six months and could delay global economic recovery.

Also in the next period, the main risks and uncertainties are related to the evolution of the pandemic and the way countries respond to this pandemic, the pace of development of a vaccine, and secondary, to the negotiations to complete Brexit and the transition of power following the US presidential election.

2. Analysis of STK Emergent activity

At the end of September, the net asset value per share was RON 94.15, registering a decrease of 0.91% compared to the net asset value per share at the end of 2019, of RON 95.01. Since inception to 09/30/2020, the net asset value per share registered a negative variation of 2.99%, while during the same period the BET-FI index declined by 9.34% and the BET index increased by 20.71%.



STK E*- adjusted NAV per share with distributed dividends

The net asset structure at 09/30/2020 compared to the end of 2019 is as follows:

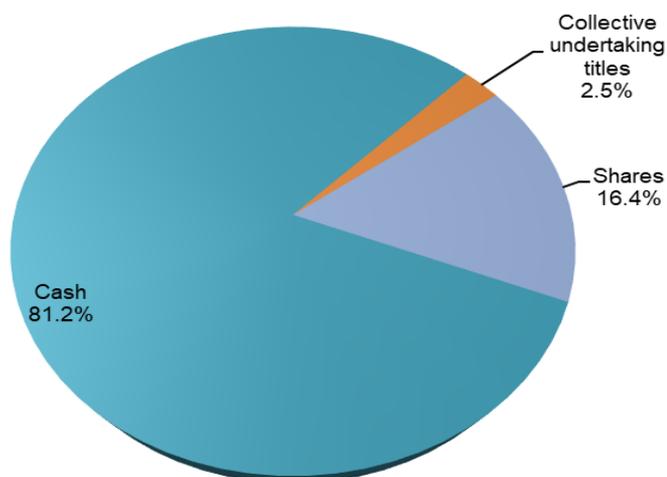
	-RON-	
	09/30/2020	12/31/2019
Unlisted shares	29,916,388	29,916,388
Tradeable shares portfolio	27,828,163	28,355,710
<i>Shares</i>	4,551,395	9,538,420
<i>Cash</i>	22,583,813	18,217,289
<i>Collective undertakings titles</i>	692,956	600,000
Total assets	57,744,551	58,272,098
Liabilities	338,852	341,407
Net assets	57,405,699	57,930,691
NAV per share	94.15	95.01

The tradeable shares portfolio at the end of the third quarter represents 48.5% of the total net assets. The net assets of the Fund increased by 0.91%, from RON 57.93 million at the end of 2019, to RON 57.41 million at the end of September 2020, reflecting the movements in the prices of the shares included in the portfolio.



The structure of the tradeable portfolio holdings as of 09/30/2020 is presented in the chart below:

Tradeable portofolio holdings



At the end of September 2020, the tradeable shares portfolio consisted mainly of cash, in the proportion of 81.2%, 16.4% shares and 2.5% collective undertakings.

3. Fund's Financial Position and Performance

The financial statements as of 09/30/2020 have been prepared in accordance with the Financial Supervisory Authority (ASF) Norm 39/2015 for the approval of the Accounting Regulations pursuant to the International Financial Reporting Standards (IFRS), applicable to entities authorized, regulated and supervised by the ASF in the Sector of Financial and Investment Instruments. The financial statements of STK Emergent fund have not been consolidated.

The financial statements as of 09/30/2020 have not been audited.

The Fund's Statement of Financial Position as of 09/30/2020 compared with 12/31/2019 is as follows:

In accordance with IFRS:	-RON-					
	09/30/2020	(%)	12/31/2019	(%)	Chg (%)	
Other financial assets at fair value through other comprehensive income	30,447,783	52.7%	30,678,898	52.6%	-0.8%	
Securities at fair value through profit or loss (held for trading)	4,712,956	8.2%	9,375,910	16.1%	-49.7%	



Cash and cash equivalents	22,583,813	39.1%	18,217,289	31.3%	24.0%
TOTAL ASSETS	57,744,551	100.0%	58,272,098	100.0%	-0.9%
Equity	57,242,523	99.1%	57,929,208	99.4%	-1.2%
Current liabilities	502,028	0.9%	342,890	0.6%	46.4%
TOTAL EQUITY AND LIABILITIES	57,744,551	100.0%	58,272,098	100.0%	-0.9%

The category *Other financial assets at fair value through other comprehensive income* includes mainly securities held by STK Properties SA and Emergent Real Estate SA.

Securities at fair value through profit or loss (held for trading) were reduced to RON 4.71 million, the Fund sold at the beginning of 2020 most of the shares held in the portfolio; the liquidations in the portfolio generated the increase of cash availabilities to RON 22.58 million, compared to RON 18.22 million at the end of 2019.

The total assets of the Fund registered a slight decrease of 0.9%, from RON 58.27 million (December 31, 2019) to RON 57.74 million (September 30, 2020).

Current liabilities, amounting to RON 0.50 million (up from the value as of December 31, 2019, of RON 0.34 million), include at the end of September the unpaid dividends for 2017.

The financial performance of the Fund as of 09/30/2020 compared to the same period of the last year is as follow:

-RON-

In accordance with IFRS:	09/30/2020 <i>9 months</i>	09/30/2019 <i>9 months</i>	Chg (%)
Net gain on financial instruments traded or held for trading at fair value through profit or loss	726,803	688,578	5.6%
Dividend income	15,000	211,910	-92.9%
Interest income	62,568	5,974	947.4%
Net gain from foreign exchange differences	126,513	666,033	-81.0%
Total Net Revenue	930,884	1,572,495	-40.8%
Administration fees, bank charges, fees	1,386,453	1,380,621	0.4%
Total Net Expenses	1,386,453	1,380,621	0.4%
Net Result for the year	-455,569	191,873	n.a.

Total revenues of the Fund for the first three quarters of 2020 were RON 0.93 million, compared to the same period last year, the Fund registering lower dividend income (RON



0.015 million, compared to RON 0.21 million) and lower gain from exchange rate differences (RON 0.13 million, compared to RON 0.67 million).

Management fees, bank charges and other fees were at approximately the same level as in the previous period, of RON 1.39 million. The Fund ended the first three quarters of 2020 with a net result of RON -0.46 million.

**Chairman of the Board,
PASCU Nicolae**

**Chartered Accountant,
OPREAN Victor-Bogdan**